



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN-No. 1837(1951)

December 23, 1988

SUBJECT: Additional Notice to Farmer Program Borrowers
Discharged Through Chapter 7 Bankruptcy Prior
to January 6, 1988

TO: State Directors and District Directors

ATTENTION: Farmer Programs Chiefs

PURPOSE/INTENDED OUTCOME:

The purpose of the AN is to provide uniform notice to Farmer Program borrowers discharged through Chapter 7 Bankruptcy, prior to January 6, 1988. The intended outcome is to ensure that bankrupt borrowers are apprised of all rights to which they may be entitled to under the Agricultural Credit Act of 1987.

COMPARISON WITH PREVIOUS ANs:

No previous ANs have been issued on this subject.

IMPLEMENTATION RESPONSIBILITIES:

County Supervisors will notify the attorneys of Farmer Program borrowers, whose FmHA debts have been discharged through Chapter 7 Bankruptcy action, of remedies which may be available to their client under the Agricultural Credit Act of 1987. This notification will be in the format outlined in Exhibit A to this AN and will be sent via certified mail return receipt requested. A courtesy copy of this notice with copies of Attachments 1 and 2 to Exhibit A of FmHA Instruction 1951-S, will be sent to the borrower's last known address.

Borrowers or their attorneys, who fail to return the information listed on page 8 of Attachment 1 to Exhibit A of FmHA Instruction 1951-S, within 45 days from the date the notice was received will

EXPIRATION DATE: September 30, 1989

FILING INSTRUCTIONS:
Preceding FmHA
Instruction 1951-S



Farmers Home Administration is an Equal Opportunity Lender.
Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, D.C. 20250

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have their cases prepared for acceleration by the appropriate approval official. HOWEVER, THE ACCOUNT WILL NOT BE ACCELERATED UNTIL AUTHORIZATION IS GIVEN BY THE NATIONAL OFFICE. After the account has been accelerated all information necessary to initiate foreclosure action will be forwarded to your Regional Office of the General Counsel (OGC) for disposition.

The date that Exhibit A to this AN is received by the borrower's attorney will be entered into the (SENT) program.

If you have any questions, please contact Gary West at commercial (202) 382-1976 or FTS 382-1976.



LA VERNE AUSMAN
Acting Administrator

Attachment: Cover Letter-Exhibit A

Sent via electronic mail on 12/28/88 at 2:30p by ASD. A copy of this AN will be duplicated by the District Directors and distributed to the County Offices. State Directors will immediately distribute to Farmer Programs Chiefs and other appropriate personnel.

Exhibit A

Notice to Attorney of Farmer Program Borrower Who Was
Discharged Under Chapter 7 Prior to January 6, 1988, of
Loan Servicing Options

RETURN ADDRESS

Address of Borrower's Attorney

Dear :

We were notified that your client (name of the borrower) was discharged of the Farmers Home Administration (FmHA) debt(s) through Chapter 7 bankruptcy prior to January 6, 1988. This letter is not intended to violate this discharge order, but merely to inform you about primary and preservation loan servicing programs now available as a result of the Agricultural Credit Act of 1987. One of the enclosed forms (Attachment 1 to Exhibit A of Subpart S of Part 1951 of Chapter XVIII of Title 7 of the Code of Federal Regulations) explains these loan servicing programs.

The result of your client's Chapter 7 discharge has released your client from personal liability for the FmHA debt. Your client is ineligible for FmHA's primary loan service program since your client is no longer indebted to FmHA. This program is explained in Attachment 1. To obtain FmHA's primary loan service options a borrower must have an enforceable debt whose payments could be restructured. Should your client wish to have the bankruptcy set aside, consideration could be given to primary servicing by FmHA.

However, the preservation loan servicing program described on pages 5-7 of Attachment 1 may be available. If your client qualifies for this program he or she would be able to retain possession of the home or farm. Please make your client aware of the preservation loan servicing program. Also, please advise your client to contact me within 45 days of your receipt of this notice and have your client complete the enclosed forms (which are listed on page 8 of Attachment 1) if your client is interested in the preservation loan servicing program.

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If we do not hear from you or your client within 45 days from the date of your receipt of this notice, FmHA will accelerate your clients account with the intention of foreclosing or liquidating your client's property which was given as security for the FmHA debt. After acceleration your client can still apply for the preservation loan servicing program. If FmHA takes your client's property into inventory, your client will again receive a notice with instructions on how to apply for preservation loan servicing. In this regard, please see item V on page 6 of Attachment 1.

To expedite any preservation loan servicing application, your client may wish to consider voluntarily conveying the property to FmHA.

The enclosed forms should be completed and returned within 45 days to the county office located at:
Upon receipt of your client's request, preservation loan servicing will be considered.

Sincerely,

County Supervisor

Enclosures

Attachments 1 and 2 of Exhibit A of 1951-S
Forms listed on page 8 of Attachment 1 of Exhibit A